Supreme Court, U.S.
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No.

IN THE

Supreme Court of the United States

DYSTAR TEXTILFARBEN GMBH & CO. DEUTSCHLAND KG

Petitioner

v.

C.H. PATRICK CO., AND BANN QUIMICA LTDA,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

William T. Enos*
Richard D. Kelly
Andrew K. Beverina
Robert C. Nissen
Oblon, Spivak, McClelland, Maier & Neustadt, P.C.
1940 Duke Street
Alexandria, Virginia 22314
(703) 413-3000

*Counsel of record

Counsel for Petitioner

QUESTIONS PRESENTED FOR REVIEW

1. Whether the Federal Circuit's standard for appellate review in patent cases that does not give deference to a jury's verdict violates the Seventh Amendment.

2. Whether the Federal Circuit erred by ignoring substantial evidence of objective indicia of non-obviousness and instead finding that an invention must be obvious if it is within the capability of a hypothetical ordinary artisan.

3. Whether the Federal Circuit erred by creating a new corroboration requirement for all testimony in patent cases, such that testimony in patent cases is now held to a different evidentiary standard than testimony in all other cases in all other circuits.

PARTIES TO THE PROCEEDINGS

All parties to the proceeding in the court whose judgment is sought to be reviewed are set forth in the caption of the case.

CORPORATE DISCLOSURE STATEMENT

Petitioner hereby identifies Platinum Equity, LLC, as a parent corporation owning 10% or more of Petitioner's stock. No publicly held company owns 10% or more of the stock of Petitioner.

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PETITION FOR CERTIORARI

Petitioner DyStar Textilfarben GmbH & Co. Deutschland KG ("DyStar") respectfully seeks a writ of certiorari to the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinion of the court of appeals is reported at 464 F.3d 1356 (Fed. Cir. 2006). App. 1–33. The order of the district court denying Respondent's motion for judgment as a matter of law, App. 36-37, was not reported.

JURISDICTIONAL STATEMENT

Review of a judgment of the United States Court of Appeals for the Federal Circuit is sought. That judgment was entered on October 3, 2006, with the Federal Circuit denying DyStar's petition for rehearing and rehearing *en banc* on December 4, 2006. App. 34-35.

The jurisdiction of the Court is invoked under 28 U.S.C. § 1254(1).

The basis for jurisdiction in the court of first instance is 28 U.S.C. § 1295(a)(1) and 28 U.S.C. § 1338(a).

CONSTITUTIONAL PROVISION AND STATUTE INVOLVED

The Seventh Amendment to the United States Constitution states: "In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury,

shall be otherwise reexamined in any court of the United States, than according to the rules of the common law."

35 U.S.C. § 103(a) states:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

STATEMENT OF THE CASE

This case is about the Federal Circuit's disturbing trend of substituting its view of the facts for those found by the jury and its willingness to ignore this Court's binding precedent. In 1906, 1907, and 1917, three patents related to making indigo issued.[1] Nearly eighty years after the last of these patents issued, the patent-in-suit in this case issued.[2] DyStar is the assignee of the '992 patent which claims a simple yet elegant method for dyeing textiles, such as cotton, with indigo by introducing into a dyebath a pre-reduced solution of indigo made by catalytic hydrogenation.

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[1] The three patents are United States Patent No. 820,900 ("the Wimmer patent"), United States Patent No. 885,978 ("the Chaumat patent"), and United States Patent No. 1,247,927 ("the Brochet patent"), respectively (collectively, "the early twentieth century patents").

[2] United States Patent No. 5,586,992 ("the '992 patent").

Although the 1917 Brochet patent taught how to make an aqueous solution of reduced indigo by catalytic hydrogenation, those solutions were used only as intermediates in the production of other solid or paste forms of indigo which were then used by dyehouses to dye textiles. During the early 1990s, before the '992 patent issued, dyehouses used forms of indigo reduced chemically on-site which involved several preparation steps. This method produced inconsistent dyeing, presented health and safety concerns and caused serious environmental pollution. The claimed process eliminated the need for these preparation steps by the dyehouse, improved worker safety and health, improved the quality and consistency of the dyed fabric and eliminated waste and pollution. Despite all these advantages, no one thought to use the claimed process for almost eighty years after the invention of catalytic hydrogenation of indigo. For this and other reasons, the jury correctly found that the three early twentieth century patents did not make the '992 patent obvious. The district court correctly refused to grant Respondent's JMOL motion that the '992 patent was invalid for obviousness.[3]

The Federal Circuit, however, did not agree with the judgment of the jury. It substituted its own factfinding for that of the jury and held, in the face of substantial evidentiary support to the contrary, that the three early twentieth century patents made the '992 patent obvious. To reach this result, the Federal Circuit had to 1) violate Petitioner's Seventh Amendment right to have all factual issues resolved by the jury; 2) make its own factual findings throughout the opinion; which were both wrong and internally inconsistent; 3) ignore the Court's precedent concerning secondary considerations; and 4) create out of

[3] As discussed in the Jurisdictional Statement, the basis for jurisdiction in the district court was 28 U.S.C. § 1295(a)(1) and 28 U.S.C. § 1338(a).

whole cloth a new testimonial corroboration requirement in conflict with its sister circuits.

This case represents a nadir in the Federal Circuit's troubling tendency to substitute its view of the facts for the jury's. It also demonstrates the Federal Circuit's unique view that neither witnesses nor juries are to be trusted. Thus, this case raises at least three issues of broad and general importance to both patent law and constitutional law: 1) the proper roles of the jury and the appeals court in determining facts; 2) whether this Court's precedent regarding secondary considerations and "simple" inventions are neither binding nor relevant; and 3) whether the Federal Circuit should be allowed to create its own unique corroboration requirement such that testimony in a patent case is not credible if the testimony is not corroborated. Therefore, the Court should grant certiorari to resolve these important issues.

PROCEEDINGS BELOW

The case was tried before a jury in the United States District Court for the District of South Carolina on September 7-16, 2005. The jury returned a general verdict in which it found C. H. Patrick and Bann Quimica Ltda (collectively "Bann") liable for infringement of all asserted claims and also found that the claims of the '992 patent were not invalid. Magistrate Judge Catoe then denied Bann's JMOL motion because he agreed that the verdict was reasonable and "clearly supported" by evidence in the record, including the credibility of the witnesses. App. 37.

Bann appealed the district court's denial of its JMOL motions. In an October 3, 2006, published opinion, the Federal Circuit reversed and held the claims of the '992 patent invalid as obvious. The panel held that substantial evidence did not support the jury's verdict. In so holding,

the panel (1) made factual findings regarding the scope and content of the prior art that conflicts with the jury's verdict; (2) made factual findings regarding the differences between the prior art and the claimed invention that conflicts with the jury's verdict; (3) held that the jury's presumed finding regarding the person of ordinary skill in the art was factually wrong; (4) ignored abundant evidence concerning secondary considerations and created a new "capability" standard that has no room for secondary considerations; (5) repudiated the Court's precedent on whether "simple" inventions may be patented; and (6) made a credibility determination that contradicted the judge's and jury's determination based on a new corroboration requirement it created for this case.

DyStar timely filed a petition for rehearing with suggestion for rehearing *en banc*, which was denied on December 4, 2006.[4]

REASONS FOR GRANTING THE PETITION

I. THE FEDERAL CIRCUIT IS VIOLATING THE SEVENTH AMENDMENT RIGHTS OF PARTIES BY EVISCERATING THE JURY'S FACTFINDING ROLE

The Constitutional right to a jury trial "has always been an object of deep interest and solicitude, and every encroachment upon it has been watched with great jealousy." *Parsons v. Bedford*, 28 U.S. (3 Pet.) 433, 446 (1830). Any restriction on that right is an issue of high importance worthy of careful scrutiny and provides sufficient ground to warrant review by the Court. *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 501 (1959) ("[w]e granted certiorari because '[m]aintenance of the jury as a fact-finding body is of such

[4] In that petition, DyStar requested that, at the very least, the Federal Circuit remand for a new trial.

importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care,'" *quoting Dimick v. Schiedt*, 293 U.S. 474, 486 (1935)). Review by this Court is even more necessary when Seventh Amendment rights are infringed on a regular basis by a court of appeals with exclusive appellate jurisdiction over all patent infringement cases nationwide. *See* 28 U.S.C. § 1295(a)(1). Consequently, the Federal Circuit's denial of a party's Seventh Amendment right to have the jury resolve all factual issues warrants review by the Court.

Since its inception, the Federal Circuit has been criticized for overstepping its bounds as an appellate court. The Federal Circuit's willingness to impose its views in areas traditionally, and constitutionally, reserved for juries and district courts has been labeled "judicial hyperactivity." William C. Rooklidge & Matthew F. Weil, *Judicial Hyperactivity: The Federal Circuit's Discomfort with its Appellate Role*, 15 Berkeley Tech. L.J. 725, 729-30 (Spring, 2000). Two commentators came to the conclusion in their article that, in the context of reviewing jury verdicts, "it appears that when the Federal Circuit believes the jury verdict was correct, it simply holds that the substantial evidence test was met. On the other hand, when the Federal Circuit believes the jury verdict was wrong, *it substitutes its opinion for that of the jury* and simply states that the substantial evidence test was not met."[5] Ted D. Lee & Michelle Evans, *The Charade: Trying a Patent Case to All "Three" Juries*, 8 Tex. Intell. Prop. L.J. 1, 14 (1999) (emphasis added).

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[5] Even some judges on the Federal Circuit have complained of this willingness to ignore the jury and take on the role of factfinder. *See, e.g., Malta v. Schulmerich Carillons, Inc.*, 952 F.2d 1320, 1343 (Fed. Cir. 1991) (Newman, J., dissenting).

District courts have also noted with concern the Federal Circuit's tendency "to take for itself the role of final arbitrator of issues that, at least at one time, were fairly considered the province of the trial court and jury." *Control Res. v. Delta Elecs.*, 133 F. Supp. 2d 121, 124 n.4 (D. Mass. 2001). Indeed, this Court has questioned the Federal Circuit's lack of deference to the factfinding below. *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986). In *Dennison*, the Court granted certiorari, vacated, and remanded so that the Federal Circuit could reconsider whether it had given sufficient deference to the lower court's factfinding. The Court noted that the petitioner's complaint of appellate factfinding was "not insubstantial."[6] *Id.* at 810-11.

Commentators observed that after *Dennison*, the Federal Circuit began giving more deference to factual findings. But those same commentators have also noted that the Federal Circuit is now "backsliding" and has reverted to its previous pattern of substituting its own view for that of the jury's. Rooklidge, *Judicial Hyperactivity*, 15 Berkeley Tech. L.J. at 739-40.

This recent "backsliding" reached its nadir in this case. The Federal Circuit ignored the abundant evidence that supported the jury's verdict. Indeed, one reading the opinion would not even suspect such evidence existed. Nor did the court acknowledge Judge Catoe's statement that the verdict was supported by the credibility of the witnesses.

Instead, the Federal Circuit credited facts that might have entitled the jury to decide the other way. But it is

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[6] *Dennison* concerned fact-finding under Fed. R. Civ. P. 52(a). A jury verdict carries an even higher burden.

improper for an appellate court to substitute its own findings of fact for the jury's. "[T]he trial on the merits should be "the 'main event' . . . rather than a 'tryout on the road.'" *Anderson v. Bessemer City*, 470 U.S. 564, 575 (1985), *citing Wainwright* v. *Sykes*, 433 U.S. 72, 90 (1977). Consequently, the Court should grant certiorari to remind the Federal Circuit of its proper role as an appellate court and to instruct that it must cease substituting its judgment for that of a reasonable jury.

A. The Federal Circuit Ignored This Court's Precedent on the Role of the Jury in Determining Obviousness

The Court enunciated the standard for obviousness in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). *Graham* established that the obviousness determination lends itself to several basic factual inquiries: (1) the scope and content of the prior art; (2) the differences between the prior art and the claimed invention; (3) the level of ordinary skill in the art; and (4) secondary considerations such as commercial success, skepticism of others, failure of others, long-felt need, copying and praise by others in the art. *See id.* at 17. These factual inquiries are the exclusive province of the jury. *See Story Parchment Co. v. Paterson Parchment Paper Co.*, 282 U.S. 555, 566 (1931) (holding that the factual findings of the jury must be allowed to stand unless unreasonable).

Although the panel admitted that it was "required to assume the jury accepted [DyStar's definition of a person having ordinary skill in the art]," App. 12, it held that there was not substantial evidence to support the jury's presumed finding. *Id.* But the panel was wrong because DyStar did present substantial evidence regarding its definition of a person having ordinary skill in the art through expert

testimony from Dr. Blackburn. (A497:25 – A498:13).[7] The panel, however, pointed to what it perceived to be inconsistencies in his testimony. App. 11. Whether there were inconsistencies in Dr. Blackburn's testimony, however, goes to the credibility and weight that testimony should be given *by the jury*, not the weight the Federal Circuit might give it sitting as a "super jury."

The proper question is not whether there was evidence that tended to support a different verdict, but whether there was an evidentiary basis to support the jury's findings. As the Court has explained, once an evidentiary basis for the jury's verdict becomes apparent, "the appellate court's function is exhausted . . . it being immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable." *Lavender v. Kurn*, 327 U.S. 645, 653 (1946). The fact that the Federal Circuit was reduced to looking for inconsistencies in Dr. Blackburn's testimony demonstrates that Dr. Blackburn's testimony *did* provide substantial evidence in support of the jury's verdict.

Furthermore, even assuming that it was proper for the panel to ignore the jury's factual findings and select Bann's definition of a person having ordinary skill in the art, there was still substantial evidence to support the jury's verdict. *Bann's expert* testified that a reference entitled *The Application of Vat Dyes* was directed to Bann's definition of a person having ordinary skill in the art. He admitted that this reference did not contain any mention of the early twentieth century patents or even hint at the method described in the '992 patent. (A1137:9-A1139:5). Thus, it was reasonable for the jury to infer that the twentieth century

[7] All cites in the form of (AXXX) are to the joint appendix filed with the Federal Circuit. Citations to the appendix attached to this petition are in the form App. XX.

patents did not suggest the claimed method. The Federal Circuit was required to assume that the jury made such an inference. *Lavender*, 327 U.S. at 653.

The scope and content of the prior art is a factual issue for the jury to decide. The most important prior art was the 1917 Brochet patent. DyStar presented substantial evidence that the Brochet patent did not suggest the claimed process, which included expert testimony that Brochet taught that its indigo solution could not be used as a dye. (A557:18-A558:22; A466:20-A467:7). In addition to that expert testimony, DyStar offered a contemporaneous article written by Mr. Brochet, the inventor of the Brochet patent. In that article, Mr. Brochet explained that indigo obtained by catalytic hydrogenation could be "concentrated in vacuum in order to obtain indigo white as a paste," for use in making other products, but never suggests that it can be used as a dye. (A1907-A1909). Thus, in neither his patent nor his article did Mr. Brochet even imply that the product of his method of producing indigo could be used to dye anything. (A460:19-A462:20).

In a rather candid admission that it was substituting its factfinding for that of the jury, the panel wrote that the Brochet patent "*implies* that all vat dyestuffs, including indigo, may either be used immediately for dyeing or concentrated prior to sale." App. 16 (emphasis added). This alleged "implication," however, was flatly contradicted by expert testimony that the Brochet patent did not suggest using the indigo solution as a dye. (A557:18-23; A466:20-A467:7). The panel ignored that testimony.

Likewise, the panel ignored the 1924 *Colour Index* which lists the indigo product of the Brochet patent as *unstable*. (A1881). The *Colour Index's* description contradicts the Federal Circuit's alleged implication that the

Brochet indigo is ready for immediate use as a dye because unstable indigo cannot be used as a dye. At a minimum, it provides the jury with evidence from which it could negate any such implication.

Finally, *all* inferences are to be construed to *support* the jury's verdict. *Lavender*, 327 U.S. at 653. It is not the job of the Federal Circuit to usurp the role of the jury and decide what evidence *implies*. The jury decided that the Brochet patent *did not* imply that its indigo could be used immediately. As the opinion admits, it is the factfinder's responsibility to decide whether a reference "teaches away from the claimed invention." App. 13 (internal quotation omitted). The Federal Circuit claimed, however, that it would "not read into a reference a *teaching away* from a process where no such language exists." App. 16 (emphasis added). But that is not what the Federal Circuit did here. Instead, it seized the role of factfinder and read into Brochet a teaching *towards* a process where no such language existed.

Likewise, the Federal Circuit's factfinding regarding the Wimmer patent was both wrong and improper. The Federal Circuit made the factual finding that the indigo product of the Wimmer patent could be "placed on the market without any further treatment." App. 16. But DyStar presented evidence that the 1906 Wimmer patent did not disclose indigo ready for use as a dye. This evidence included a comprehensive history of indigo written by the inventor of the Wimmer patent thirty-three years after the Wimmer patent had issued.[8] In that history, Wimmer explains that the only use ever made of his indigo (or the indigo made by the Brochet method) was as an intermediate

[8] The Federal Circuit claimed that this article written thirty-three years later was a "contemporaneous article." App. 16.

in the production of solid products. (A2136). The panel opinion claimed, however, that this article can not retract the language of the patent regarding the placing of the indigo on the market without any further treatment. But it is at least a legitimate inference for the jury to make that the indigo from both the Wimmer patent and the Brochet patent were placed on the market *as intermediates, not as dyes*. Indeed, even Respondent's own expert witness conceded that the Wimmer indigo was placed on the market as an intermediate. (A1129:3-A1130:21). Thus, it is astounding that the Federal Circuit substituted its factfinding for the jury's and found that a 1906 reference made the claimed process obvious when it is beyond question that the claimed process was not obvious to Dr. Wimmer even thirty-three years after his invention.

The Federal Circuit mentions the Chaumat patent in passing, always in combination with Brochet or Wimmer. But DyStar presented substantial evidence that Chaumat does not reduce indigo and, therefore, could not be used as a dye. (A541:24-24; A542:19-A543:13). Thus, there was substantial evidence to support the jury's verdict that Chaumet did not make the '992 patent obvious and it was improper for the Federal Circuit to substitute its view of the facts for that of the jury's.

Consequently, it was reasonable for the jury to find that the early twentieth century patents did not suggest the claimed method of the '992 patent. Especially in light of the fact that the 1915 Brochet article, the 1924 *Colour Index*, the 1939 Wimmer report, and the 1953 *Application of Vat Dyes* all teach away from the claimed process. As even a single reference teaching away can negate obviousness, *Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1349-50 (Fed. Cir. 2000), the jury had substantial evidence supporting its verdict.

Rather than engaging in appellate review with proper deference to the jury's factual findings, the Federal Circuit chose to re-weigh the evidence itself. To make matters worse, it ignored much of the substantial evidence that supported the jury's verdict. Indeed, many of the individual pieces of evidence alone were sufficient to provide substantial evidence to support the jury's verdict. Together, this evidence is overwhelming substantial evidence in support of the jury's verdict.

B. The Court Should Stop the Federal Circuit from Sitting as a "Super Jury"

The Federal Circuit was established in 1982 to bring greater uniformity and expertise to patent cases. This mandate, however, does not allow the Federal Circuit to ignore the most basic rules of judicial procedure. This point is sometimes lost on the Federal Circuit, as illustrated by *Nelson v. Adams, USA, Inc.*, 529 U.S. 460 (2000), which unanimously reversed the Federal Circuit on the fundamental point that a party is entitled to be heard before the entry of judgment against it. Indeed, the Court implied that the procedure followed by the Federal Circuit in that case was perhaps more befitting *Alice in Wonderland. See id.* at 468 n.2.

The real issue presented here is whether the Federal Circuit is above the law in patent cases. The Federal Circuit should not be allowed to sit as a federal appellate super jury that is free to re-try patent cases. Although there can be no circuit split in patent cases in light of the Federal Circuit's exclusive jurisdiction, that does not allow the Federal Circuit to ignore basic rules of judicial review. The unique and specialized nature of the Federal Circuit's docket may have the advantage of promoting greater expertise and uniformity

in patent cases, but it also has the corresponding disadvantages of insularity and a willingness to second guess trial courts, and juries.

When the Federal Circuit applies the wrong standard in such situations, there is no other redress for litigants except to this Court, and there is no possibility that the system might work this issue out for itself. *See Cardinal Chemical Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89 (1993) (certiorari granted "[b]ecause the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, the rule that it applied in this case . . . is a matter of special importance to the entire Nation"). The Federal Circuit, although acknowledging the proper test for overturning a jury's verdict, has demonstrated repeatedly that it will not rigorously apply it. Rooklidge, *Judicial Hyperactivity*, 15 Berkeley Tech. L.J. at 739-40; Lee, *The Charade*, 8 Tex. Intell. Prop. L.J. at 14. And in this case, the Federal Circuit has specifically denied Petitioner its Seventh Amendment right to have all factual issues resolved by the jury.

Here, the Federal Circuit felt it was more important to advocate on behalf of its obviousness jurisprudence to this Court than it was to respect the Petitioner's Seventh Amendment jury rights. Indeed, one commentator noted that the Federal Circuit attempted to use the *DyStar* opinion (along with another opinion) as an "unofficial amicus brief[]" to defend its obviousness jurisprudence to this Court. 73 (No. 1795) *News*, Pat. Trademark & Copyright J., 67, 68 (Nov. 24, 2006). Similarly, another commentator noted that the panel was "clearly speaking to inform the Supreme Court as it prepares to consider the propriety of the motivation/suggestion test in *KSR v. Teleflex*." *Dystar Textilfarben v. C.H. Patrick*, http://www.fedcirc.us/case-reviews/federal-circuit/DyStar-textilfarben-v.-c.h.-

patrick.html (Oct. 9, 2006). That commentator went on to point out that the panel "went *out of its way* to defend the motivation/suggestion test, . . . [and that t]he opinion is quite critical of commentary on the test." *Id.* (emphasis added).

One need not review the articles by commentators to see that the Federal Circuit had an agenda when it decided this case. While the opinion spends only one page discussing (and mostly ignoring) the substantial evidence for secondary considerations, it spends twelve pages refuting arguments that DyStar *did not make*.[9] The opinion complains that parties see the Federal Circuit's obviousness jurisprudence as "rigid and categorical." App. 22. But DyStar *never* made that complaint. The opinion further complains about commentators who do not review its cases carefully. But DyStar *never* mentioned any of those commentators, nor did it mention their articles. The opinion even appears to be complaining that this Court granted certiorari in *KSR Int'l Co. v. Teleflex, Inc.*, 126 S. Ct. 2965 (2006). App. 22 at n.3 (implying that the Court should not have granted certiorari because the Federal Circuit reversed for a different reason than the basis for the Court granting certiorari). Once again, the Federal Circuit was not responding to an argument raised by DyStar.

Under the rules of the Court, certiorari is appropriate where "a United States court of appeals . . . has so far

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[9] Those twelve pages consist of a rather defensive overview of its obviousness jurisprudence as shown by the following statements from the opinion: 1) Federal Circuit opinions discussed by commentators contain "*arguably imprecise language*," App. 19 (emphasis added); 2) "*a close reading* of *In re Lee*" demonstrates that the Federal Circuit's obviousness jurisprudence is correct, App. 20 (emphasis added); 3) "It is difficult to see how our suggestion test could be 'seen as rigid and categorical,'" App. 22; and 4) "Our suggestion test is in actuality quite flexible." *Id.*

departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's supervisory power." Sup. Ct. R. 10(a). The exercise of the Court's supervisory authority is especially important here. It was entirely improper to sacrifice Petitioner's Seventh Amendment rights merely so the Federal Circuit could file a pseudo-amicus brief to this Court because it is upset that there is "much confusion about [its obviousness] law" that has now been apparently "compounded" by the Court's decision to grant certiorari to KSR. Filing a pseudo-amicus brief is such a departure from the accepted and usual course of judicial proceedings that it needs the exercise of this Court's supervisory power.

II. THE FEDERAL CIRCUIT HAS IGNORED THIS COURT'S PRECEDENT BOTH BY DECIDING THAT SECONDARY CONSIDERATIONS OF NON-OBVIOUSNESS ARE NO LONGER RELEVANT AND BY CREATING A NEW CAPABILITY STANDARD

In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Court held that secondary considerations such as "commercial success, long felt but unsolved needs, [and] failure of others," may provide objective indicia that a patented claim is not obvious. *Id.* at 17. The Court explained that these secondary considerations may serve to "guard against slipping into use of hindsight, and to resist the temptation to read into the prior art the teachings of the invention in issue." *Id.* at 36 (internal quotation and citation omitted). In this case, however, the Federal Circuit decided to ignore the binding precedent of this Court, and it implicitly held that secondary considerations of non-obviousness are no longer relevant.

DyStar presented massive amounts of testimony and documentary evidence that demonstrated that its patent claims were not obvious. This evidence was largely unrebutted and included the following:

- Evidence of skepticism – Mr. Schnitzer testified that his colleagues at BASF did not believe his proposed method would work because the solution would be unstable, would not dye yarn properly and might damage dyeing equipment.[10] (A252:8-24).

- Praise for the invention – A competitor called DyStar's method "a major new innovation for the denim dyer," (A1947); even *Respondent* referred to the method as "the new innovation," (A1893); and a dyehouse referred to the claimed process as an "advanced process." (A246:9-14).

- Copying of the invention – Respondent and another competitor advertised the method in promotional material, (A1820-34; A1911-47); Respondent switched eighty percent of its Brazilian dyehouse customers to the claimed process. (A984:5-10).

- Unexpected results for the invention – The patented method provides better color fastness, depth of color, contrast and greater consistency. (A252:8 - A253:17; A254:18 - A256:3).

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[10] Mr. Schnitzer worked at BASF when he invented the '992 patent. DyStar subsequently acquired BASF's textile dyeing business.

- Failure of others to solve the problem that the invention solved – BASF had to engage in substantial experimentation before arriving at the solution to the environmental problems provided by the '992 patent (A1356-63; A1371-78; A1387-95; A1400-04; A241:21 - A245:13); DyStar also demonstrated that another chemical company, Buffalo Color, attempted and failed to make a pre-reduced indigo solution to sell to dyehouses for use in dyeing in 1979, (A1899-1902); in 1990 a dyehouse trying to use an aqueous solution of leuco indigo made by catalytic hydrogenation as a dye failed miserably. (A840:25-A841:25; A847:17-A848:16; A922:15-20; A967:6-2).

- Commercial success of the invention – Messrs. Schilling and Malpass testified that the first, second, and fourth largest U.S. mills (which together produce the vast majority of the denim made in this country) use the claimed process, (A893:25-A985:5 and A403:7-10); Mr. Schnitzer testified that the sales of indigo solution for use in the claimed process constitutes eighty percent of DyStar's world-wide indigo sales; Mr. Schnitzer also testified that, in a mere five years of using the claimed process, DyStar went from zero percent market share in Brazil to forty percent. (A253:19 - A254:5; A257:23-A258:5).

- Long-felt need – An almost eighty year passage of time between the Brochet patent and the invention in the '992 patent.

A. The Federal Circuit Ignored or Mischaracterized All Evidence Related to Secondary Considerations

Regarding long-felt need, the Federal Circuit mischaracterized the Wimmer article as being "contemporaneous" to his patent, App. 16, even though he wrote it *thirty-three years* after his patent issued. This mischaracterization allowed it to ignore the fact that it was not obvious to Wimmer that his indigo solution (or Brochet's indigo solution) could be used for anything other than an intermediate to make other indigo products. The opinion does grudgingly mention, however, "that eighty years elapsed between Brochet's invention and another *inventor's* thought to vacuum-seal the Brochet solution and add it directly to the dyebath."[11] App. 29-30 (emphasis added). The panel provided no reason for dismissing this eighty year period despite the Court's holding that the passage of time is evidence of invention. *See Goodyear Tire & Rubber Co., Inc. v. Ray-O-Vac Co.*, 321 U.S. 275, 279 (1944) (the fact that fifty years had passed before the problem was solved demonstrated that the patent was not obvious).

The Federal Circuit also admits that "DyStar has enjoyed considerable commercial success from the introduction of the product." But again, it simply ignores this fact and fails to explain why this commercial success was not sufficient evidence to support the jury's verdict.

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[11] Despite here characterizing Mr. Schnitzer as an "inventor" the panel does not explain this inconsistency with its earlier factual finding that the claimed process "is the work of a skilled chemist, *not of an inventor*." App. 29 (emphasis added).

The Federal Circuit also opined that the substantial evidence DyStar submitted regarding the failure of others, "actually detract[ed] from its argument, and heavily so." App. 30. But to reach its opinion, the panel had to ignore most of the substantial evidence of failure of others, and mischaracterize the rest. First, it completely ignored that BASF had to engage in substantial experimentation before arriving at the claimed process. Second, it ignored that in 1990 a dyehouse tried to use an aqueous solution of leuco indigo made by catalytic hydrogenation as a dye and failed miserably.

The evidence it chose not to ignore, it mischaracterized. DyStar presented substantial evidence that Buffalo Color in 1979 tried and failed to sell dye that dyehouses could use in a method similar to the '992 patent. This substantial evidence demonstrated that Buffalo's product did not work because it was not stable. Substituting its own factfinding for that of the jury, the panel held "that Buffalo was only *mildly concerned* with instability problems." App. 30 (emphasis added). But regardless of which adverb the Federal Circuit puts in front of "concerned" (mildly? somewhat? incredibly?), the Federal Circuit is here admitting that Buffalo was concerned about stability. That admission, in turn, is conceding that *sixty years* after the Brochet patent, the claimed process was still *not* obvious.[12]

Continuing in its factfinding role regarding Buffalo's intent, the Federal Circuit made the factual finding that Buffalo Color failed to sell an indigo solution to dyehouses

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[12] Buffalo Color's 1979 failure demonstrates that the Federal Circuit was wrong in its belief that it "can *assume* comfortably" that DyStar's patented method would have been obvious to one of ordinary skill in the art. *See* A28.

because it "would *cost* more to produce." App. 30 (emphasis added). Two pages previously, however, the Federal Circuit made the opposite factual finding: that there would be a motivation to combine the early twentieth century patents because providing an indigo solution to dyehouses would cost less, i.e., "would save even *more* time, space and money." App. 28 (emphasis in original). Not only was it improper for the Federal Circuit to substitute its factfinding for the jury's, but its factfinding was not consistent. It found, with respect to secondary considerations, that the indigo solution would cost *more* but found that the solution would cost *less* with respect to the prior art. These contradictory factual findings demonstrate that it is the Federal Circuit's decision to overturn the jury verdict, and not the jury's verdict itself, that is not supported by substantial evidence.

Finally, regarding "skepticism of others," the panel implicitly decided that the jury was incorrect in finding Mr. Schnitzer credible because his testimony was "undocumented" and "unsupported by even a brief explanation of the chemistry underlying this assumption." [13] *Id.* But Mr. Schnitzer did discuss the chemistry underlying the skepticism of others. (A252:8-24) Most importantly, it was improper for the Federal Circuit to pass on the credibility of Mr. Schnitzer. Thus, once again, there was substantial evidence to support the jury's verdict.

All the evidence that the Federal Circuit chose to ignore or misconstrue is more than sufficient substantial evidence of secondary considerations to support the jury's verdict. *See Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983) ("evidence of secondary

[13] As discussed *infra* in Section III, the Federal Circuit improperly expanded the corroboration requirement for testimony in this case.

considerations may often be the most probative and cogent evidence in the record"). Thus, the Court should grant certiorari to instruct the Federal Circuit that it can not ignore the Court's binding precedent regarding the proper use of secondary considerations.

Finally, it would be especially appropriate for the Court to grant certiorari on this issue now. *KSR Int'l Co. v. Teleflex, Inc.*, 126 S. Ct. 2965, will afford the Court the opportunity to address the law of obviousness under Section 103(a). This case presents the Court with an opportunity to instruct the Federal Circuit as to the proper role of the jury in determining the *Graham* factors underlying the legal determination of obviousness. If the Court is to alter or fine-tune the legal determination of obviousness, then there is no better time to address the complementary question of the jury's role in that determination.

B. The Federal Circuit Created a New Test for Obviousness Based on an Improper "Capability" Standard

Ignoring the objective indicia of non-obviousness established by the Court, the Federal Circuit created a new test for obviousness - one that does not safeguard against the use of hindsight. The panel held that any time that "the combination of references results in a product or process that is more desirable, for example because it is stronger, cheaper, cleaner, faster, lighter, smaller, more durable, or more efficient," the only remaining question to decide whether the claim is obvious "is whether the ordinary artisan possesses knowledge and skills rendering him *capable* of combining the prior art references." App. 28 (emphasis in original).

This "capability" test violates this Court's precedent for three reasons. First, the Court has held that just because "the means [the inventor] adopted seem simple and such as should have been obvious to those who worked in the field, [that] is not enough to negative invention." *See Goodyear*, 321 U.S. at 279. But if an invention "should have been obvious to those who worked in the field," it is within the "capabilities" of "the ordinary artisan." Thus, the Federal Circuit's new capability standard can not coexist with *Goodyear's* holding that an invention may be patented even if it "should have been obvious to those who worked in the field." The Court should not allow the Federal Circuit to ignore the Court's binding precedent.

Second, the Federal Circuit's "capability" standard violates the Court's precedent by ignoring secondary considerations. No longer will commercial success, skepticism, praise, long felt need, passage of significant time, failure of others or unexpected results have any role in the analysis. There will be no role for these secondary considerations because, according to the panel, the only question to decide is whether the hypothetical ordinary artisan was "capable" of combining the references. But by failing to consider the secondary considerations, the Federal Circuit is inviting hindsight reconstruction of inventions.

This hindsight problem is why the Court requires the lower courts to consider the objective indicia of non-obviousness because they "guard against slipping into [the] use of hindsight." *Graham*, 383 U.S. at 36; *see also Truswal Systems Corp. v. Hydro-Air Engineering Inc.*, 813 F.2d 1207, 1212 (Fed. Cir. 1987) ("[t]hat evidence is `secondary' in time does not mean that it is secondary in importance"). The Federal Circuit's "capability" standard not only blithely ignores this serious problem but exacerbates it. Now, the infringer can use the patent as a road map and show how a

hypothetical ordinary artisan can reach the same result. The fact that others have failed, that long periods of time have passed (here, eighty years), and that the new invention is commercially successful all disappear in direct violation of the Court's precedent.

Third, if the capability of the ordinary artisan is enough to make a patent obvious, patents could not be granted for simple inventions. *Cf.* Richard Gruner, *Everything Old Is New Again: Obviousness Limitations on Patenting Computer Updates of Old Designs*, 9 B.U.J. Sci. & Tech. L. 209, 264 (2003) (hindsight problems regarding obviousness determinations are especially problematic when the patented invention is "simple"). Again, such a result violates the Court's precedent. The fact that an invention is simple means that it is within the capabilities of an ordinary artisan. *See Goodyear*, 321 U.S. at 279. But this Court has explicitly held that just because an invention "seem[s] simple and such as should have been obvious to those who worked in the field, [that] is not enough to negative invention."[14] *Id.* (emphasis added); *In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992) (although the invention is simple, "[s]implicity is not inimical to patentability"). As the Federal Circuit has taken it upon itself to outlaw simple inventions, the Court should step in to correct the Federal Circuit.

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[14] Similarly, the Federal Circuit's capability standard violates the language of the statute. 35 U.S.C. § 103(a) states: "Patentability shall not be negatived by the manner in which the invention was made." Thus, the statute forbids finding a patent claim obvious merely because the invention is simple, i.e. within the capabilities of one of ordinary skill in the art. *See* Phanesh Koneru, *To Promote the Progress of Useful Articles?: An Analysis of the Current Utility Standards of Pharmaceutical Products and Biotechnological Research Tools*, 38 IDEA 625, 666 (1998) (explaining that the fact that "patentability shall not be negatived by the manner . . . [of] invention" allows for patents for inventions made with "minimal effort").

Accordingly, the Court should grant the petition for certiorari because the Federal Circuit's new "capability" standard conflicts with the Court's binding precedent for at least these three reasons.

III. THE FEDERAL CIRCUIT HAS IMPROPERLY EXPANDED THE CORROBORATION REQUIREMENT TO NOW REQUIRE CORROBORATION OF ALL TESTIMONY IN PATENT CASES

To reach its conclusion that the '992 patent was obvious, the Federal Circuit had to ignore the testimony of Mr. Schnitzer, an inventor of the '992 patent. His uncontroverted testimony was that others were skeptical when he suggested the method claimed in the '992 patent. (A252:8-24). Skepticism of others is objective indicia of non-obviousness. *United States v. Adams*, 383 U.S. 39, 52 (1966). Yet, the Federal Circuit dismissed this testimony, stating that it was "a bare assertion" that was "undocumented and non-specific." App. 30. As discussed *supra*, its statement that this testimony was "a bare assertion," and "non-specific" is specifically contradicted by the record. Further, it was not proper for the Federal Circuit to substitute its judgment for the jury's and decide that the witness was not credible.

Apparently realizing that it was improper for it to judge the credibility of a witness, the Federal Circuit tried to bolster its factfinding by stating the testimony was "undocumented." Thus, the Federal Circuit used this case to extend its corroboration requirement far beyond any reasonable scope and in direct conflict with its sister circuits.

The corroboration requirement arose out of a late 1800s case, *The Barbed Wire Patent*, 143 U.S. 275 (1892). Prior public use was the issue in *The Barbed Wire Patent*, and it is the context in which the corroboration requirement most often arises. The Court held that the uncorroborated testimony of a witness regarding prior public use was insufficient as a matter of law to prove by clear and convincing evidence that a patent is invalid.[15] *Id.* at 284.

Based on *The Barbed Wire Patent*, the Federal Circuit has repeatedly held that oral "testimony alone cannot surmount the hurdle that the clear and convincing evidence standard imposes in proving patent invalidity." *Finnigan Corp. v. Int'l Trade Com'n*, 180 F.3d 1354, 1370 (Fed. Cir. 1999). The Federal Circuit has explained that its requirement for corroboration to reach the "clear and convincing evidence" to invalidate a patent is necessary because it is unlikely that a party trying to invalidate a patent based on its alleged prior invention could create an invention without any corroborating evidence of its invention. *See Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1373 (Fed. Cir. 1998). But until this case, no court has held that uncorroborated testimony is insufficient as a matter of law to *oppose* a party that has the burden or proving invalidity by clear and convincing evidence.

Numerous courts have questioned whether the Federal Circuit's corroboration requirement to prove invalidity by clear and convincing evidence makes sense. *See, e.g. Engate, Inc. v. Esquire Deposition Servs. LLC*, 331

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[15] Although the Court held that proof of invalidity had to be "clear, satisfactory and beyond a reasonable doubt," *The Barbed Wire Patent*, 143 U.S. at 284, that term has subsequently been understood to equate to the "clear and convincing" standard. *See Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 60 (1923).

F. Supp 2d 673, 684-85 (N.D. Ill. 2004). As that court noted "[i]t is not all that easy to understand why patent invalidity, of all things, should rank with treason in terms of the need for special corroboration."[16] *Id.* That court recommended that "the [corroboration] rule has seen better days and ought to be put out of its misery humanely rather than being forced to suffer the death of a thousand cuts."[17] *Id.* at 686 n.4.

Whether the Court decides to wait for another day to decide whether the corroboration requirement should "be put out of its misery," the Court should not let the Federal Circuit expand the need for corroboration for testimony. *The Barbed Wire Patent* and the subsequent Federal Circuit cases applying that case have all addressed a specific issue: whether uncorroborated oral testimony is sufficient to meet the high evidentiary standard of invalidating a patent by "clear and convincing evidence." But here, the Federal Circuit has now expanded the corroboration requirement for testimony that does not even need to meet the preponderance

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[16] Indeed, the Federal Circuit's requirement for corroboration to meet the clear and convincing evidence standard, contradicts the holding of its sister circuits' that uncorroborated oral testimony is sufficient to meet the higher evidentiary standard of beyond a reasonable doubt. *Comp. United States v. Tam*, 240 F.3d 797, 806 (9th Cir. 2001); *United States v. Gadison*, 8 F.3d 186, 190 (5th Cir. 1993); *with Medichem, S.A. v. Rolabo*, S.L., 437 F.3d 1157, 1164 (Fed. Cir. 2006); *Finnigan Corp. v. Int'l Trade Com'n*, 180 F.3d 1354 (Fed. Cir. 1999).

[17] Of course, the Court could use this case as a vehicle to decide whether the 19th century proposition that uncorroborated oral testimony can never reach the "clear and convincing evidence" standard still makes sense, considering that the modern view is that uncorroborated oral testimony can reach the *higher* evidentiary standard of proof "beyond a reasonable doubt." It would be especially appropriate for the Court to consider this issue due to the concerns of many that it is too difficult to invalidate bad patents. *Cf. eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1842 (2006) (Kennedy J., concurrence).

of evidence standard. Instead, the oral testimony was offered to meet the second lowest evidentiary standard possible: *opposing* a party that had the burden of proving an issue by clear and convincing evidence. No court, including the Federal Circuit, has ever previously held that a party that *does not have any burden of proof* can not use uncorroborated testimony *to oppose a party that has the burden of proof.*

In this case, the Federal Circuit has held that a jury can not judge the credibility of a witness. Thus, once again, the Federal Circuit is demonstrating its deep distrust of juries. The Court should grant the petition for certiorari to stop the Federal Circuit from seizing for itself the ability to decide whether witnesses are credible, based on an improper, unprecedented corroboration requirement. In every other circuit, uncorroborated testimony is acceptable to meet all evidentiary standards, except in a treason case. Thus, the Federal Circuit's refusal to accept any witness testimony that is uncorroborated is in direct conflict with both this Court's precedent and its sister circuits. The Court should grant the petition for certiorari to resolve this split between the Federal Circuit and all the other circuits regarding whether all testimony must be corroborated.

CONCLUSION

The petition for writ of certiorari should be granted.

Respectfully submitted,

William T. Enos*
Richard D. Kelly
Andrew K. Beverina
Robert C. Nissen
Oblon, Spivak, McClelland,
Maier & Neustadt, P.C.
1940 Duke St.
Alexandria, VA 22314
(703) 413-3000

*Counsel of record

Counsel for Petitioner

March 5, 2007

APPENDIX

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

06-1088

DYSTAR TEXTILFARBEN GMBH & CO DEUTSCHLAND KG,

Plaintiff-Appellee,

v.

C.H. PATRICK CO., and BANN QUIMICA LTDA,

Defendants-Appellants.

William T. Enos, Oblon, Spivak, McClelland, Maier & Neustadt, P.C., of Alexandria, Virginia, argued for plaintiff-appellee. With him on the brief were Richard D. Kelly and Andrew K. Beverina.

Neil C. Jones, Nelson Mullins Riley & Scarborough, L.L.P., of Greenville, South Carolina, argued for defendants-appellants.

Appealed from: United States District Court for the District of South Carolina

Magistrate Judge William M. Catoe, Jr.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

06-1088

DYSTAR TEXTILFARBEN GMBH & CO DEUTSCHLAND KG,

Plaintiff-Appellee,

v.

C.H. PATRICK CO., and BANN QUIMICA LTDA,

Defendants-Appellants.

DECIDED: October 3, 2006

Before MICHEL, Chief Judge, RADER and SCHALL, Circuit Judges. Opinion for the court filed by Chief Judge MICHEL. Concurring opinion filed by Circuit Judge SCHALL.

MICHEL, Chief Judge.

DyStar Textilfarben GmbH & Co. Deutschland KG ("DyStar") sued defendants C.H. Patrick Co. and Bann Quimica Ltda. (collectively, "Bann") in the United States District Court for the District of South Carolina, alleging direct, contributory, and induced infringement of U.S. Patent

No. 5,586,992 ("the '992 patent"),[1] which discloses a process for dyeing textile materials with catalytically hydrogenated leuco indigo. DyStar and Bann Quimica Ltda. are large chemical manufacturers that, inter alia, sell prereduced indigo for use in dyeing processes; C.H. Patrick Co. purchased prereduced indigo solution from Bann Quimica Ltda. in 2002 and used it to dye yarn in a process alleged to infringe.

The parties agreed to a jury trial before a magistrate judge. Prior to charging the jury and in open court, the magistrate judge granted DyStar's motion for judgment as a matter of law ("JMOL") that it had not engaged in inequitable conduct before the United States Patent and Trademark Office ("PTO"). The jury rendered a verdict that "Bann Quimica and/or C.H. Patrick" had infringed each of claims 1-4, assessed damages at $90,000, and declined to hold the '992 patent claims invalid for lack of enablement, anticipation or obviousness. *DyStar Textilfarben GmbH & Co Deutschland KG v. C.H. Patrick Co.*, Civ. No. 6:02-2946-WMC (D.S.C. Sept. 16, 2005).

Following briefing, the magistrate judge denied Bann's motions for JMOL or, alternatively, a new trial on the question of invalidity of the '992 patent for anticipation, obviousness, and lack of enablement. *DyStar Textilfarben GmbH & Co Deutschland KG v. C.H. Patrick Co.*, Civ. No. 6:02-2946-WMC (D.S.C. Nov. 1, 2005). The magistrate judge did not issue an opinion. His order stated:

> The jury diligently considered the evidence presented and found for the plaintiff. This court concludes that the jury's verdict was

[1] BASF was the assignee of the '992 patent. BASF divested its dyestuff business, including the '992 patent, to DyStar in 2000.

> reasonable and was supported by evidence in the record. Therefore, as this court has great respect for trial by jury and the right of the parties to request a jury trial, this court will not substitute its findings for those of the jury as the jury's decision was clearly supported by the trial record and was reasonable.

Id.

Bann appeals from the denials of its motions on anticipation and obviousness, and the grant of JMOL to DyStar regarding inequitable conduct. For the reasons explained below, we reverse the district court's denial of Bann's motion for JMOL of invalidity of claims 1-4 for obviousness.

I

Indigo has been used in dyeing textile materials for thousands of years. Because indigo pigment is insoluble in water, it must be de-oxidized, or "reduced," to a water-soluble white form known as "leuco indigo" before it can be used in dyeing. Leuco indigo is unstable; it oxidizes and returns to its blue pigment form when exposed to oxygen. Thus, leuco indigo solution needs to be kept in an oxygen-free environment, or otherwise stabilized, if it is not being used immediately for dyeing.

For many years, dyehouses commonly reduced indigo in-house through a process known as hydrosulfite reduction. Dyers created a "stock vat," in which indigo is reduced in water with sodium hydrosulfite and solubilized with an alkali, e.g., sodium hydroxide. The resulting leuco indigo solution is then transferred into a feed tank and fed

into the dyebath. After the dyebath is prepared, the textile material is dyed through a process known as "dipping" and "skying." In "dipping," the textile material is contacted with leuco indigo in the dyebath; in "skying," the dyed textile material is introduced to the air, causing the indigo to convert back to its blue pigment form.

A second common method of indigo reduction, catalytic hydrogenation, was patented by Andre Brochet in 1917. *See* U.S. Patent No. 1,247,927 ("Brochet"). The superficial difference between hydrosulfite reduction and catalytic hydrogenation is that the latter uses gaseous hydrogen, rather than sodium hydrosulfite, as a reducing agent. Catalytic hydrogenation allowed "economical production of concentrated solutions of leuco derivatives free from impurities and mineral salts"; when left to settle, the solution naturally separates from nickel or another catalytic metal and can be "drawn off and is ready for use". Brochet, ll.88-90, 109-110. Most important to the dyehouses, however, was the fact that Brochet's leuco indigo solution could be stabilized in solid form, usually powder or paste, and coated with molasses or glue to protect the reduced indigo from air and prevent premature oxidation. This allowed the indigo reduction process to shift out of the dyehouses and into chemical manufacturers, which began to produce and sell prereduced indigo to dyehouses in the early 1900s. Rather than create a stock vat, dyers needed only to dissolve the prereduced indigo into a preparation tank, add caustic soda (i.e., sodium hydroxide) and sodium hydrosulfite to remove oxygen from the water, and transfer the resulting solution from the preparation tank to the dyebath. This significantly reduced the time necessary to prepare a dyebath, the dyehouses' expenditures on sodium hydrosulfite and caustic soda, and the level of pollution in dyehouse waste water and on dyehouse floors.

The process of dyeing textile materials with catalytically hydrogenated leuco indigo traditionally has involved six steps: (1) reducing indigo to its leuco form in solution; (2) stabilizing the leuco indigo solution, usually in paste or powder form; (3) creating a preparation tank in which the dried leuco indigo is re-converted to solution form; (4) adding the solution to the dyebath; (5) dipping; and (6) skying.

Claim 1 of the '992 patent, the only independent claim at issue, recites:

> A process for dyeing cellulose-containing textile material with indigo which comprises
>
> a) introducing into a dyebath an aqueous solution of leuco indigo solution prepared by catalytic hydrogenation;
>
> b) contacting the textile material with the dyebath; and, after the leuco indigo has gone onto the textile material,
>
> c) converting said leuco indigo back into the pigment form in a conventional manner by air oxidation.

'992 patent, col.6, l.66–col.7, l.6. The '992 patent thus improved upon the prior art by eliminating steps two and three of the traditional process: stabilizing the leuco indigo solution into a paste or powder form, and then reconstituting the solution in a preparation tank. Instead, it allowed a dyer to pour prereduced indigo solution directly into a dyebath and commence dyeing immediately.

II

Bann appeals from the denials of its motions on anticipation of claim 1 and obviousness of claims 1-4, and the grant of DyStar's JMOL of no inequitable conduct. We review decisions on motions for JMOL and motions for a new trial under the law of the regional circuit. *MicroStrategy, Inc. v. Bus. Objects, S.A.*, 429 F.3d 1344, 1348 (Fed. Cir. 2005) (JMOL); *EMI Group N. Am., Inc. v. Cypress Semiconductor Corp.*, 268 F.3d 1342, 1348 (Fed. Cir. 2001) (new trial). In the Fourth Circuit, the grant or denial of JMOL is reviewed de novo, which requires us to step into the shoes of the trial judge and reapply the JMOL standard. *Johnson v. MBNA Am. Bank, NA*, 357 F.3d 426, 431 (4th Cir. 2004). "The question is whether a jury, viewing the evidence in the light most favorable to [DyStar], could have properly reached the conclusion reached by this jury. We must reverse if a reasonable jury could only rule in favor of [Bann]; if reasonable minds could differ, we must affirm." *Id.* (internal citation and quotation marks omitted). The denial of a motion for a new trial is reviewed in the Fourth Circuit for abuse of discretion. *United States v. Perry*, 335 F.3d 316, 320 (4th Cir. 2003).

Bann asserts that claim 1 of the '992 patent is invalid because it is anticipated by Brochet. Bann further argues that claims 1-4 are invalid as obvious in light of Brochet and certain other prior art, including two pre-1917 BASF patents—United States Patent Nos. 820,900 ("Wimmer") and 885,978 ("Chaumat"), a post-World War II report of the British Intelligence Objectives Sub-Committee ("BIOS report"), and the 1936 *Manual for the Dyeing of Cotton and Other Vegtable Fibres* ("Manual"), published by General Dyestuff Corporation. We address the broader argument, relating to obviousness, first.

A determination that a claimed invention would have been obvious, and thus the patent issued thereon invalid, is a legal conclusion that we review de novo. *Richardson-Vicks, Inc. v. The Upjohn Co.*, 122 F.3d 1476, 1479 (Fed. Cir. 1997). We must determine "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a). We thus consider whether a person of ordinary skill in the art would have been motivated to combine the prior art to achieve the claimed invention and whether there would have been a reasonable expectation of success in doing so. *Brown & Williamson Tobacco Corp. v. Philip Morris, Inc.*, 229 F.3d 1120, 1124 (Fed. Cir. 2000).

Underpinning this legal inquiry are four groups of factual findings, which, in a jury trial, we review for substantial evidence. *Richardson-Vicks*, 122 F.3d at 1479. Following the 1952 enactment of § 103, the Supreme Court explained that obviousness depends on (1) the scope and content of the prior art; (2) the differences between the claimed invention and the prior art; (3) the level of ordinary skill in the art; and (4) any relevant secondary considerations, including commercial success, long felt but unsolved needs, and failure of others. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966).

This court has articulated a subsidiary requirement for the first Graham factor, the scope and content of the prior art. *SIBIA Neurosciences, Inc. v. Cadus Pharma. Corp.*, 225 F.3d 1349, 1356 (Fed. Cir. 2000). Where, as here, all claim limitations are found in a number of prior art references, the factfinder must determine "[w]hat the prior art teaches,

whether it teaches away from the claimed invention, and whether it motivates a combination of teachings from different references". *In re Fulton*, 391 F.3d 1195, 1199-1200 (Fed. Cir. 2004). It is important in this inquiry to distinguish between the references sought to be combined and "the prior art", as the latter category is much broader. For example, textbooks or treatises may include basic principles unlikely to be restated in cited references.

As we recently explained in *Alza Corp. v. Mylan Labs., Inc.*, No. 06-1019, 2006 U.S. App. LEXIS 22616 (Fed. Cir. Sept. 6, 2006), the suggestion test—as our motivation-to-combine inquiry has come to be known—"prevent[s] statutorily proscribed hindsight reasoning when determining the obviousness of an invention." *Id.* at *7. This test "informs the *Graham* analysis", *id.* at *8 (quoting *In re Kahn*, 441 F.3d 977, 987 (Fed. Cir. 2006)), by implementing the Supreme Court's recognition of "the importance of guarding against hindsight, as is evident in its discussion of the role of secondary considerations as 'serv[ing] to guard against slipping into use of hindsight and to resist the temptation to read into the prior art the teachings of the invention in issue.'" *Id.* at *6 (quoting *Graham*, 383 U.S. at 36).

In contrast to the characterization of some commentators, the suggestion test is not a rigid categorical rule. The motivation need not be found in the references sought to be combined, but may be found in any number of sources, including common knowledge, the prior art as a whole, or the nature of the problem itself. *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999). As we explained in *Motorola, Inc. v. Interdigital Tech. Corp.*, 121 F.3d 1461, 1472 (Fed. Cir. 1997), "there is no requirement that the prior art contain an express suggestion to combine known elements to achieve the claimed invention. Rather, the

suggestion to combine may come from the prior art, as filtered through the knowledge of one skilled in the art."

For one to conclude that the invention of the '992 patent would have been obvious, then, the prior art, common knowledge, or the nature of the problem, viewed through the eyes of an ordinary artisan, must have suggested the following steps: (1) creating leuco indigo solution through catalytic hydrogenation; (2) stabilizing the leuco indigo *in solution form*; (3) adding the leuco indigo solution directly into a dyebath; (4) dipping; and (5) skying. Because the jury did not make explicit factual findings in the form of answers to written interrogatories or special verdicts, we must discern the jury's implied factual findings by interpreting the evidence consistently with the verdict and drawing all reasonable inferences in DyStar's favor. *Konkel v. Bob Evans Farms Inc.*, 165 F.3d 275, 279 (4th Cir. 1999).

B

Bann's obviousness argument rests primarily on three U.S. patents: Brochet, Wimmer, and Chaumat. Brochet is directed to "the Manufacture of Leuco Derivatives of Vat Dyestuffs" generally, of which indigo is one. Brochet, ll.6-7. By its plain language, Brochet discloses the process of preparing an aqueous solution of leuco indigo by catalytic hydrogenation. There can be no serious dispute that the ultimate use of a "dyestuff" is dyeing textile materials; indeed, the '992 patent inventor, Georg Schnitzer, testified that leuco indigo solutions were known to be used in 1917 for dyeing, and Dr. Richard Blackburn, one of DyStar's technical experts, testified that BASF began reducing indigo with catalytic hydrogenation, and selling the reduced indigo to dyehouses, in 1926. Moreover, both parties agree that dipping and skying were well known in the art. As explained *supra*, when indigo is reduced in-house in a stock vat, the

resulting leuco indigo solution is introduced directly into the dyebath without first being stabilized through drying. Thus, the critical issue in our obviousness analysis is whether stabilizing catalytically reduced leuco indigo *in solution form*, rather than in powder form coated with molasses, for example, renders the claimed process nonobvious to one of ordinary skill in the art.

1. Level of Ordinary Skill in the Art

Because the parties disagree over the relevance of the cited prior art, which, fundamentally, is a disagreement over the level of ordinary skill in the art, we address this third *Graham* factor first. DyStar asserts that we must disregard Brochet, Wimmer, and Chaumat, because a person of ordinary skill in the art would not be aware of these references. In short, DyStar argues that no knowledge of chemistry is required in the relevant technical field.

DyStar points to testimony from Dr. Blackburn that "[a] person of ordinary skill in the art is a dyer", someone with "a high school degree" who is "able to read and write", but whose knowledge is limited to "flipping the switches" on the machine. Dr. Blackburn also testified, however, that a person of ordinary skill in the art was "running the dye processes", which required, inter alia, "doing the calculations". When confronted with the inconsistency between his testimony regarding the applicable level of skill during cross-examination, Dr. Blackburn stated that "it's difficult to say" which of the two skill levels should be applied to the obviousness inquiry. Dr. Blackburn explained that "those people may do both jobs", but concluded by stating, "I think the former [i.e., the person 'flipping the switches']" is the ordinary artisan. Thus, the jury had evidence before it of two potential levels of ordinary skill:

(1) that of a dyer and (2) that of a person creating the dye processes, who we will refer to as a dyeing process designer.

DyStar presented evidence that *The Application of Vat Dyes*, a book by the American Association of Textile Chemists and Colorists, teaches people how to dye and is a text that a dyer would have had at the time of the '992 patent invention. Dr. Nolan Etters, Bann's expert witness, agreed that "a person of ordinary skill in the art" would be a member of the American Association of Textile Chemists and Colorists and conceded that none of the prior art cited by Bann is referenced in *The Application of Vat Dyes*.

We agree with DyStar that we are required to assume the jury accepted its argument that a person of ordinary skill in the art is a dyer with no knowledge of chemistry. Because the jury heard testimony that the prior art cited by Bann was directed toward chemists, not dyers, the jury must have found the prior art cited by Bann neither in the relevant art nor analogous arts and then, consistent with the limited evidence of prior art deemed relevant, concluded that the process claimed in the '992 patent would not have been obvious.

However, substantial evidence does not support the jury's finding that a person of ordinary skill is a dyer with no knowledge of chemistry. Indeed, that factual finding is inconsistent with the '992 patent's very purpose. The technical problem that the process of the '992 patent and the prior art cited by Bann sought to solve is precisely the same: an improved process for dyeing textile materials with indigo. This process includes several discrete subcomponents—e.g., indigo reduction and dyebath preparation—and an ordinary artisan would be concerned with all of them. To beneficially practice the dyeing process claimed in the '992 patent, the ordinary artisan must have a higher-level perspective, as he

must first decide whether it is more efficient to reduce indigo in-house or purchase prereduced indigo and, if prereduced, must then decide whether solid or solution form is preferable.

Designing an optimal dyeing process requires knowledge of chemistry and systems engineering, for example, and by no means can be undertaken by a person of only high school education whose skill set is limited to "flipping the switches". This is especially true when one considers that only in the last century have improvements in indigo reduction chemistry enabled outsourcing of the indigo reduction step from dyehouses to chemical manufacturers; prior to that simplification, there would have been no question that a dyer would also require knowledge of indigo reduction. Because, for this patent, the only finding supported by substantial evidence is that an ordinary artisan is not a dyer but a person designing an optimal dyeing process, the jury's implicit finding of a mere dyer cannot withstand scrutiny on JMOL. Accordingly, the jury's apparent decision to disregard Brochet, Wimmer, and Chaumat, and perhaps other prior art references, as neither in the dye process art nor even in analogous arts is unsupported by substantial evidence.

2. Scope and Content of Prior Art

Where, as here, claim limitations are found in a combination of prior art references, the factfinder must determine "[w]hat the prior art teaches, whether it teaches away from the claimed invention, and whether it motivates a combination of teachings from different references". *Fulton*, 391 F.3d at 1199-1200 (Fed. Cir. 2004).

To support its argument that an ordinary artisan—i.e., a dyeing process designer—would have known to attempt to

stabilize the Brochet solution in oxygen-excluding conditions for addition directly into a dyebath, Bann points to two pre-Brochet BASF patents. Wimmer, issued in 1906, discloses a leuco indigo solution that "can be filtered and the filtrate (which contains a high percentage of indigo white) can be placed on the market without any further treatment", in contrast to reduction using zinc, which required the solution "to be separated before the solution can be used for dyeing." Wimmer, ll.34-40. Chaumat, issued in 1908, discloses a leuco indigo solution that "may be drawn off protected from the air and preserved indefinitely in receptacles which are either soldered or closed in any other hermetic manner." Chaumat, ll.84-87. Although Wimmer and Chaumat disclose different reducing methods than Brochet—Wimmer suggests the use of iron, rather than zinc, as a reducing agent, and Chaumat discloses an electrolytic process for indigo reduction—Bann argues that once the indigo has been converted to its leuco form, the distinction is irrelevant for dyeing purposes. Accordingly, Bann argues that this prior art would teach an ordinary artisan in the field of indigo dyeing process design to attempt to stabilize *any* leuco indigo solution, however reduced, for addition directly into the dyebath.

a. What does the prior art teach?

DyStar argues that because Wimmer and Chaumat involve different methods of reducing indigo, they are nonanalogous art and properly disregarded by the jury. In support of this assertion, Mr. Schnitzer testified that, up until the time of the invention, BASF's "people from production" believed that leuco indigo created from catalytic hydrogenation was too unstable to be added directly to the dyebath, and might "stain the yarn with indigo pigment" or "block[ ] pipes". DyStar offered evidence that, prior to the '992 patent, BASF had limited its sales of catalytically

hydrogenated leuco indigo to that stabilized in paste or solid form. Thus, argues DyStar, the language in Wimmer and Chaumat suggesting that the solution could be stabilized and sold in solution form does not apply to catalytically hydrogenated leuco indigo solution.

We disagree. As explained *supra*, the proper focus is on the indigo dyeing process as a whole, which requires the ordinary artisan to consider (and choose between) the various indigo reduction methods. The '992 patent is directed toward a *process* of dyeing with indigo and, although a specific method of reduction is required by claim 1, the first step in the process requires indigo in *prereduced* form. It is undisputed that reduced indigo by any reduction method, not just catalytic hydrogenation, has been used in the indigo dyeing process. The prior art involving indigo reduction by other methods is thus not merely analogous art, it is the same art. Accordingly, all limitations recited by claim 1 of the '992 patent—including the *immediate* use of leuco indigo solution for dyeing—are contained in the prior art.[2]

b. Does the prior art teach away from the claimed invention?

We reject DyStar's assertion that contemporaneous articles by Wimmer and Brochet teach away from the combination of Brochet and Chaumat, and thus the claimed process. DyStar acknowledges that no specific language in these references teaches away from the invention of the '992 patent. Rather, because these references do not discuss the stabilization of leuco indigo solution (in solution form) for immediate addition to a dyebath, DyStar somehow concludes

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[2] Because the only difference between the claimed invention and the cited prior art is the method of indigo reduction, which we have held is irrelevant to an indigo dyeing process employing prereduced indigo, we do not separately discuss this second *Graham* factor.

that these references teach that leuco indigo solution "cannot be used to dye but is instead useful only as an intermediate."

Although Wimmer's contemporaneous article only describes the use of indigo solution as an intermediate product, he does not retract his patent language indicating that "the solution can be filtered and the filtrate (which contains a high percentage of indigo white) can be placed on the market without any further treatment". Wimmer, ll.33-37. Likewise, the Brochet patent, directed toward all vat dyestuffs, broadly teaches that the process "produce[s] mother-liquors which can be diluted immediately before use, or be treated by evaporation under reduced pressure or by any other means to obtain concentrated products for sale." Brochet, ll.66-70. This language implies that all vat dyestuffs, including indigo, may either be used immediately for dyeing or concentrated prior to sale. In his contemporaneous article, Brochet stated that his catalytically hydrogenated solution could be used "economically to obtain concentrated indigo white [i.e., leuco indigo] solutions that are free of impurities and alkaline salts, that can be concentrated in vacuum in order to obtain white indigo as a paste". This mere failure to discuss immediate use of his leuco indigo *solution* for dyeing is not the same thing as Brochet stating in his article that, though most dyestuffs may be used immediately or stored in oxygen-excluding containers, his leuco indigo solution may only be concentrated in paste form. We will not read into a reference a teaching away from a process where no such language exists.

c. Is there a motivation to combine?

DyStar argues that this court's "suggestion test" for obviousness requires the cited references themselves to contain a suggestion, teaching, or motivation to combine

them, and that it must be explicitly stated. DyStar then points out, correctly, that Brochet does not suggest combining his invention with those of Chaumat or Wimmer to stabilize his leuco indigo solution in oxygen-excluding containers until either using it directly in the dyebath or placing it on the market for sale, respectively. Absent such a teaching, urges DyStar, the invention of claim 1 of the '992 patent cannot be obvious.

DyStar's argument misreads this court's cases and misdescribes our suggestion test, echoing notions put forth recently by various commentators and accepted in major reports. A 2003 report by the Federal Trade Commission, for example, quoted testimony of certain witnesses that this court requires "specific and definitive [prior] art references with clear motivation of how to combine those references" and requires the PTO to find "the glue expressly leading you all the way [to obviousness]" and "connect the dots . . . very, very clearly." Fed. Trade Comm'n, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* ch. 4, at 11 (2003). Similarly, a 2004 report by the National Academy of Sciences summarized views of a few commentators that "standards of patentability—especially the non-obviousness standard—have become too lax as a result of court decisions" by the Federal Circuit, leading to the deterioration of patent quality. Nat'l Research Council, *A Patent System for the 21st Century* 3 (Stephen A. Merrill et al. eds., 2004). *But see* Am. Intellectual Prop. Law Ass'n, AIPLA Response to the National Academies Report entitled "A Patent System for the 21st Century" 10 (2004) ("AIPLA believes that the courts, including the Federal Circuit, have applied the standard of non-obviousness with both the needed rigor and the appropriate vigor, and they have done so with a commendable consistency over the past two decades. If a difficulty exists with application of the non-obviousness standard today, it does not lie in the patent

statute or in substantive law of non-obviousness as applied in the courts.")

Seeking to support their assertions about Federal Circuit caselaw, these few commentators have quoted isolated statements from three of our precedents in particular, including *Dembiczak*, 175 F.3d at 1000, wherein we stated that the analysis by the Board of Patent Appeals and Interferences ("Board") "fails to demonstrate how the [two cited] *references teach* or suggest their combination" (emphasis added), and *In re Lee*, 277 F.3d 1338, 1341, 1344 (Fed. Cir. 2002), where we characterized the Board's statement that "[t]he conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or suggestion in a particular reference" as "[o]mission of a relevant factor required by precedent". They have also cited our repeated use of the word "references" in the following list from *Ruiz v. A.B. Chance Co.*, 234 F.3d 654 (Fed. Cir. 2000), where we suggested a motivation to combine may be found:

> 1) *in the prior art references* themselves;
> 2) in the knowledge of those of ordinary skill in the art that certain references, or disclosures *in those references*, are of special interest or importance in the field; or
> 3) from the nature of the problem to be solved, leading inventors to *look to references* relating to possible solutions to that problem.

Id. at 665 (emphasis added) (internal quotation marks omitted).

Despite containing arguably imprecise language in these statements, quoted out of context, each of the above-cited cases correctly applies the suggestion test and by no means requires an explicit teaching to combine to be found in a particular prior art reference. *Dembiczak* involved the combination of a reference in the plastic trash bag art with children's arts and crafts books that included, among innumerable fanciful drawings, jack-o-lanterns. Contrary to some interpretations, we stated explicitly that evidence of a motivation to combine need *not* be found in the prior art references themselves, but rather may be found in "the knowledge of one of ordinary skill in the art, or, in some cases, from the nature of the problem to be solved." 175 F.3d at 999 (citation omitted). When not from the prior art references, the "evidence" of motive will likely consist of an *explanation* of the well-known principle or problem-solving strategy to be applied. Our analysis in *Dembiczak* focused on an explicit teaching in the prior art not because our case law requires it, but because the Board had stated that "the [two cited] *references would have suggested* the application of . . . facial indicia to the prior art plastic trash bags." *Id.* at 1000 (emphasis added). We held the Board's obviousness determination legally insufficient because, in addition to failing to make *Graham* findings, the Board's analysis was "limited to a discussion of the ways that the multiple prior art references can be combined to read on the claimed invention", "rather than pointing to specific information in [the two references] that suggest the combination". *Id.* On appeal to this court, the Commissioner of Patents and Trademarks attempted to defend the Board decision by laying out, using the *Graham* factors, a clear—and likely affirmable—rationale establishing the level of ordinary skill and explaining the motivation to combine. *Id.* at 1001. We declined to consider these arguments, newly raised on appeal, stating that they did "little more than highlight the shortcomings of the decision below." *Id.*

In *Ruiz*, as in *Dembiczak*, we vacated a conclusion of obviousness because the factfinder failed to make *Graham* factor findings. 234 F.3d at 660. Far from requiring evidence of an explicit motivation to combine, we suggested in *Ruiz* that there may have existed an *implicit* motivation to combine, based on testimony that the invention was an improvement over the prior art because it is "easy to install" and "low cost". *Id.* at 666. We explained that such "[e]vidence which suggests that the combination of two references would suggest the resulting improvement is one way in which to determine a reason, suggestion, or motivation to combine" and instructed the district court to consider the evidence on remand. *Id.*

Likewise, a close reading of *In re Lee* reveals that our objection was not to the Board's statement that "[t]he conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or suggestion in a particular reference", but its utter failure to explain the "common knowledge and common sense" on which it relied. *See* 277 F.3d at 1341, 1344. *Lee* involved a patent combining a prior art video game instruction handbook describing a "demonstration mode" with a prior art television set having a menu display allowing video and audio adjustments. The Board, without comment, adopted the Examiner's Answer, which merely stated that the combination of the two cited references "'would have been obvious to one of ordinary skill in the art since the demonstration mode is just a programmable feature which can be used in many different devices for providing automatic introduction by adding the proper programming software' and that 'another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial.'" *Id.* at 1341. We explained that "[c]onclusory statements such as those here

provided do not fulfill the agency's obligation" to explain all material facts relating to a motivation to combine. *Id.* at 1344. In other words, we instructed the Board to explain *why* "common sense" of an ordinary artisan seeking to solve the problem at hand would have led him to combine the references. We noted that our predecessor court held more than thirty years earlier that "common knowledge and common sense" were sufficient to establish a motivation to combine, *In re Bozek*, 416 F.2d 1385 (C.C.P.A. 1969), and distinguished that case because, in *Bozek*, the examiner first "established that this knowledge was in the art". *Id.* at 1390. We instructed that assumptions about common sense cannot *substitute* for evidence thereof, as the Board attempted to do in *Lee*. 277 F.3d at 1345;*see also In re Zurko*, 258 F.3d 1379, 1383, 1385 (Fed. Cir. 2001) (reversing as unsupported by substantial evidence a finding of motivation to combine cited references, where the Board adopted Examiner's unsupported assertion that claim limitation missing from cited references was "basic knowledge" and it "would have been nothing more than good common sense" to combine the references, and explaining that "[t]his assessment of basic knowledge and common sense was not based on any evidence in the record"); *In re Rouffet*, 149 F.3d 1350, 1357 (Fed. Cir. 1998) (affirming finding of high level of ordinary skill and the Board's explanation as to why cited reference implicitly would suggest missing claim limitation to ordinary artisan, but reversing its reliance on high level of ordinary skill as basis of motivation to combine, and stating, "The Board did not, however, explain what specific understanding or technological principle within the knowledge of one of ordinary skill in the art would have suggested the combination. Instead, the Board merely invoked the high level of skill in the field of art. If such a rote invocation could suffice to supply a motivation to combine, the more sophisticated scientific fields would rarely, if ever, experience a patentable technical advance.").

It is difficult to see how our suggestion test could be seen as rigid and categorical given the myriad cases over several decades in which panels of this court have applied the suggestion test flexibly. Obviousness is a complicated subject requiring sophisticated analysis, and no single case lays out all facets of the legal test. DyStar's argument and the above-cited commentary highlight the danger inherent in focusing on isolated dicta rather than gleaning the law of a particular area from careful reading of the full text of a group of related precedents for all they say that is dispositive and for what they hold. When parties like Dystar do not engage in such careful, candid, and complete legal analysis, much confusion about the law arises and, through time, can be compounded.[3]

Our suggestion test is in actuality quite flexible and not only permits, but *requires*, consideration of common knowledge and common sense. *See, e.g., In re Kotzab*, 217 F.3d 1365, 1369 (Fed. Cir. 2000) ("A critical step in analyzing the patentability of claims pursuant to section 103(a) is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted

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[3] Indeed, the United States Supreme Court recently granted *certiorari* in a case involving this court's application of the suggestion test. *KSR Int'l Co. v. Teleflex, Inc.*, 2006 U.S. LEXIS 4912 (June 26, 2006). In *KSR*, we vacated a district court's grant of summary judgment of invalidity for obviousness. The district court found a motivation to combine not in the references but "largely on the nature of the problem to be solved", which we did not deem erroneous. *Teleflex, Inc. v. KSR Int'l Co.*, 119 Fed. App'x 282, 287 (Fed. Cir. 2005) (unpublished). Rather, we vacated because the court did not explain sufficiently its rationale, and failed to make "findings as to the specific understanding or principle within the knowledge of a skilled artisan that would have motivated one with no knowledge of [the] invention to make the combination in the manner claimed." *Id.* at 288 (citation omitted). .

wisdom in the field."); *Motorola*, 121 F.3d at 1472 ("[T]he suggestion to combine may come from the prior art, as filtered through the knowledge of one skilled in the art."); *Bozek*, 416 F.2d at 1390 ("Having established that this knowledge was in the art, the examiner could then properly rely, as put forth by the solicitor, on a conclusion of obviousness 'from common knowledge and common sense of the person of ordinary skill in the art without any specific hint or suggestion in a particular reference.'")

Indeed, we have repeatedly held that an implicit motivation to combine exists not only when a suggestion may be gleaned from the prior art as a whole, but when the "improvement" is technology-independent and the combination of references results in a product or process that is more desirable, for example because it is stronger, cheaper, cleaner, faster, lighter, smaller, more durable, or more efficient. Because the desire to enhance commercial opportunities by improving a product or process is universal—and even common-sensical—we have held that there exists in these situations a motivation to combine prior art references even absent any hint of suggestion in the references themselves. In such situations, the proper question is whether the ordinary artisan possesses knowledge and skills rendering him *capable* of combining the prior art references.

In *Pro-Mold & Tool Co., Inc. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568 (Fed. Cir. 1996), for example, we analyzed asserted obviousness of a claimed invention of a sports trading card holder only slightly larger than the trading card. We stated that "[w]e start from the self-evident proposition that mankind, in particular, inventors, strive to improve that which already exists". *Id.* at 1573. We required no documentary evidence of motive. We explained that the motivation to combine "a reference describing an elegant

card holder and cover arrangement with a reference describing a card holder no larger than necessary to enclose the card . . . was thus evident from the very size of the card itself."[4] *Id.* at 1573. Because an ornamental card holder just large enough to enclose the card would be more efficient, there existed an implicit, indeed common-sensical, motivation to combine the two references.

Similarly, in *Sandt Tech., Ltd. v. Resco Metal & Plastics Corp.*, 264 F.3d 1344, 1355 (Fed. Cir. 2001), we held invalid for obviousness a patent claim for a stainless steel cover for pay telephones. The only relevant difference between the claimed invention and the prior art covers was that the former attached the steel cover to the telephone via studs and the latter attached it with welds. *Id.* We noted that the difference between attaching with welds and studs was merely a "slight variation that produced convenience". *Id.* We found a clear motive to alter the prior art welded cover simply because "[u]sing studs was a cheaper, faster, and more convenient method of attachment", *id.*, absent even a hint of suggestion to combine.

In *Mazzari v. Rogan*, 323 F.3d 1000 (Fed. Cir. 2003), we affirmed a district court grant of summary judgment of invalidity for obviousness of a patent claiming the use of underwater acoustic waves to kill zebra mussels. The Board had upheld the rejection of an application based on two prior art patents: an acoustic wave generator that enabled altering wave intensity and focusing acoustic energy along a particular angle, and a method of using water-borne acoustic waves to kill zebra mussels. The Board held that a motivation to combine the two references existed because an ordinary artisan would have been aware of both references

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[4] We vacated the district court's grant of summary judgment of invalidity for other reasons, finding genuine disputes of material fact on the issue of commercial success. *Id.* at 1573.

and that combination of the two was "more efficient". *Id.* at 1002-03. The inventor then brought a civil suit against the Director of the PTO pursuant to 35 U.S.C. § 145, and the district court granted summary judgment in favor of the Director. We deemed sufficient the Board's explanation of a motivation to combine and affirmed "because the references illustrate that it is well known in the art to use acoustic energy to kill and repel zebra mussels." *Id.* at 1006; *see also Ruiz*, 234 F.3d at 666 (remanding for determination of whether testimony that claimed invention was "easy to install" and "low cost" established motivation to combine).

In situations where a motivation to combine is based on these principles, the invention cannot be said to be nonobvious. Our precedent on this point, moreover, is consistent with the Supreme Court's holdings in *Graham* and three other obviousness decisions pre-dating the establishment of this court. *See Sakraida v. AG Pro, Inc.*, 425 U.S. 273, 282 (1976); *Anderson's-Black Rock, Inc. v. Pavement Salvage Co,*. 396 U.S. 57 (1969); *United States v. Adams*, 383 U.S. 39 (1966).

In *Anderson's-Black Rock*, the Supreme Court held invalid for obviousness a patent covering (1) a radiant burner for heating asphalt (2) attached to the front of a standard asphalt-paving machine. Both elements were well-known in the prior art individually, with the difference being that previously, radiant-heat burners were not used in paving, but merely for patching limited areas of asphalt. 396 U.S. at 58-59. Because asphalt is usually laid sequentially in parallel strips, the adjoining strip cools before the next strip is laid, leading to what is known as a "cold joint"—an area of poor bonding into which water and dirt enter, causing deterioration. *Id.* at 57-58. By reheating the adjoining edge of the earlier-laid strip as a new strip is laid, the invention sought to eliminate the cold joint. No explicit suggestion to

combine the prior art references would have been necessary because the invention merely improved the efficiency of the already-known process of laying pavement through the already-known method of merging two sections of asphalt through re-heating the earlier laid section—both of which would have been common knowledge to ordinary artisans in the field of laying asphalt. *See also Graham*, 383 U.S. at 24-25 (holding invalid for obviousness Graham's patent disclosing a spring clamp on a plow shank,-where claimed invention merely improved mechanical weakness in prior Graham patent, because ordinary artisan would have had mechanical skills sufficient to "immediately see that the thing to do was what Graham did"); *id.* at 36-37 (holding invalid for obviousness Cook Chemical's patent disclosing a plastic finger sprayer with a "hold-down" lid serving as a built-in dispenser for bottles of liquid products, where differences from prior art were "exceedingly small and quite nontechnical" and device was "old in the art").

Likewise, in *Sakraida*, the Supreme Court held invalid for obviousness a patent for a barn having "a paved, sloped barn floor with downhill drains", "elevated" cow stalls, and a "dam" behind which water may be stored and abruptly released in order to "send a sheet of water cascading through the dairy sweeping the manure to the downhill drains." *Ag Pro, Inc. v. Sakraida*, 474 F.2d 167, 168 (5th Cir. 1973) (quoting U.S. Patent No. 3,223,070), *rev'd by* 425 U.S. 273. Because the cleaning action from an uphill release of water was superior to that from a hose, the claimed invention reduced the quantity of water necessary to clean the barn floor and obviated additional hand labor, e.g., brooms or shovels, shortening the cleaning process from a few hours to a few minutes. *Id.* The Supreme Court nonetheless negated patent protection, characterizing the invention as "the work of the skillful mechanic, not that of the inventor." *Sakraida*, 425 U.S. at 279 (internal quotation marks omitted). The

Court aptly noted that "[e]xploitation of the principle of gravity adds nothing to the sum of useful knowledge". *Id.* Under this court's case law, there would have been no need for "evidence" of a motivation to combine a prior art reference with a universally-known physical principle to achieve more powerful and simultaneous sweep of water.

In *Adams*, a companion case to *Graham*, the Supreme Court upheld the validity of a patent for a non-rechargeable water-activated battery having magnesium and cuprous chloride electrodes. *Adams*, 383 U.S. at 51. The Court recognized that "each of the elements of the Adams battery was well known in the prior art", but rejected the United States' obviousness argument because the prior art *taught away* from the Adams patent's combination. As the Court succinctly stated:

> To combine [the references] as did Adams required that a person reasonably skilled in the prior art must ignore that (1) batteries which continued to operate on an open circuit and which heated in normal use were not practical; and (2) water-activated batteries were successful only when combined with electrolytes detrimental to the use of magnesium.

Id. at 51-52. The Court instructed that such "known disadvantages in old devices . . . may be taken into account in determining obviousness", *id.* at 52, and we have incorporated this notion into our case law. *See, e.g., Fulton*, 391 F.3d at 1199-1200 (instructing the factfinder to determine "[w]hat the prior art teaches, whether it teaches away from the claimed invention, and whether it motivates a combination of teachings from different references").

Although this court customarily discusses a motivation to combine as part of the first *Graham* factor, the scope and content of the prior art, *see SIBIA Neurosciences*, 225 F.3d at 1356, motivation to combine is also inextricably linked to the level of ordinary skill. If, as is usually the case, no prior art reference contains an express suggestion to combine references, then the level of ordinary skill will often predetermine whether an implicit suggestion exists. Persons of varying degrees of skill not only possess varying bases of knowledge, they also possess varying levels of imagination and ingenuity in the relevant field, particularly with respect to problem-solving abilities. If the level of skill is low, for example that of a mere dyer, as DyStar has suggested, then it may be rational to assume that such an artisan would not think to combine references absent explicit direction in a prior art reference. If, however, as we have held as a matter of law, the level of skill is that of a dyeing process designer, then one can assume comfortably that such an artisan will draw ideas from chemistry and systems engineering—without being told to do so.

A dyeing process designer would have been aware that reducing leuco indigo in-house was time-consuming as well as expensive and that it created much pollution on the dyehouse floor and in public sewers. He would have known that purchasing solid prereduced indigo would save time, space, and money: dyers would no longer spend time creating stock vats, and the dyehouse would require far less hydrosulfite and caustic soda. A dyeing process designer reading Chaumat would have learned that leuco indigo solution "may be drawn off protected from the air and preserved indefinitely in receptacles which are either soldered or closed in any other hermetic manner." Chaumat, ll.84-87. From his chemistry background, he would have known how to close off a receptacle hermetically. He would have known that, if he could thus stabilize leuco indigo

solution, he would save even *more* time, space, and money: dyers would no longer need stock vats or preparation tanks because they could simply pour the prereduced solution directly into the dyebath itself, and they would no longer need to purchase *any* hydrosulfite or caustic soda. A dyeing process designer reading Brochet would have realized that catalytic hydrogenation provided advantages over other methods of indigo reduction in that the leuco indigo was "free from impurities and mineral salts". Brochet, 1.90. Naturally, then, an ordinary artisan with knowledge of Chaumat, reading Brochet, would have realized that, by stabilizing catalytic hydrogenated leuco indigo solution in oxygen-excluding containers, he could devise a "cheaper, faster, and more convenient" indigo dyeing process. *See Sandt*, 264 F.3d at 1355. Although the '992 patent claimed a new, more efficient, *way* of performing a known function, dyeing indigo—the asserted innovation, storing leuco indigo solution in airtight containers for immediate use in dyebaths, is merely "exploitation" of the well-known principle of vacuum packaging. *See Sakraida*, 425 U.S. at 279. In sum, it is the work of a skilled chemist, not of an inventor.

3. Secondary Considerations of Nonobviousness

The presence of certain secondary considerations of nonobviousness are insufficient as a matter of law to overcome our conclusion that the evidence *only* supports a legal conclusion that claim 1 would have been obvious. To be sure, the jury heard testimony that DyStar has enjoyed considerable commercial success from the introduction of its product, and all parties agree that eighty years elapsed between Brochet's invention and another inventor's thought to vacuum-seal the Brochet solution and add it directly to the dyebath. However, Mr. Schnitzer's testimony that BASF's "people from production"—who we here assume arguendo were dyeing process designers—believed that leuco indigo

solution added directly to the dyebath might "stain the yarn with indigo pigment" or "block[ ] pipes" was a bare assertion that is not only undocumented and non-specific, but also unsupported by even a brief explanation of the chemistry underlying this assumption. As such, it does not constitute substantial evidence of a secondary consideration favoring nonobviousness.

Moreover, another secondary consideration cited by DyStar—i.e., failed attempts—actually detracts from its argument, and heavily so. DyStar points out that another chemical company, Buffalo Color, abandoned a 1979 effort to market a prereduced indigo solution made by hydrosulfite reduction. The record shows, however, that Buffalo was only mildly concerned with instability problems—it noted only that the instability of leuco indigo "would require special (and costly) shipping conditions to protect it from oxidation". Rather, Buffalo decided against selling a leuco indigo solution because it would involve increased shipping costs, might require customers to invest in additional storage facilities, and would cost more to produce, likely forcing it to increase prices to customers. Buffalo's decision was thus not a failed attempt, but a calculated business judgment to abandon a potential new product line.

C

Our inquiry does not end here, however, because we must evaluate obviousness on a claim-by-claim basis. *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1370 (Fed. Cir. 2003) ("[D]ependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim.").

Claims 2-4 depend from process claim 1. Claim 2 requires that the resulting solution contain from 10% to 35% by

weight of leuco indigo; claim 3 requires that the solution contain from 2% to 10% by weight of alkali; and claim 4 requires that the solution contain from 2% to 10% by weight of sodium hydroxide. Dr. Blackburn, DyStar's own expert witness, confirmed that the plain language of Wimmer sets forth a "30 percent aqueous solution of leuco indigo", which falls within the range prescribed by claim 2. Dr. Blackburn also testified that the solution disclosed by Wimmer contains "5.1 percent" by weight of alkali—the claim language says "at least six and a half percent", both of which fall between 2% and 10%, as required by claim 3. Likewise, Wimmer indicates that his example solution uses "NaOH", sodium hydroxide, and Mr. Schnitzer agreed with Bann's counsel's assertion that the term "caustic" is "chemically the same thing as sodium hydroxide", which meets the requirement of claim 4. DyStar does not dispute these concessions on appeal. Thus, given DyStar's testimony and the plain language of Wimmer, claims 2-4 do not recite a nonobvious invention beyond that recited in claim 1. Accordingly, claims 2-4 must also be held invalid for obviousness as a matter of law.

III

In sum, because an ordinary artisan is a person designing an optimal textile dyeing process with some expertise in chemistry, the jury's implicit finding that the level of ordinary skill in the art is a dyer is unsupported by substantial evidence; its corresponding decision to disregard the primary cited prior art as nonanalogous was also erroneous. Under the correct level of ordinary skill, it would have been obvious from Chaumat and Brochet, in view of Wimmer and other references, to stabilize catalytically hydrogenated leuco indigo solution through vacuum conditions and to introduce the solution directly into the dyebath.

Because all claims are held invalid for obviousness, we need not address alleged anticipation of claim 1 or lack of enablement as to claims 1-4. Likewise, whether the '992 patent is unenforceable due to inequitable conduct need not be decided. Finally, we do not address the request for a new trial as all asserted claims are held invalid as a matter of law for obviousness. Accordingly, the trial court's denial of JMOL that claims 1-4 of the '992 patent are invalid for obviousness is reversed.

REVERSED.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

06-1088

DYSTAR TEXTILFARBEN GMBH & CO DEUTSCHLAND KG,

Plaintiff-Appellee,

v.

C.H. PATRICK CO., and BANN QUIMICA LTDA,

Defendants-Appellants.

SCHALL, Circuit Judge, concurring.

I concur in the judgment of reversal. *See Alza Corp. v. Mylan Labs.*, Inc., No. 06-1088, 2006 U.S. App. LEXIS 22616, at 4-7 (Fed. Cir. Sept. 6, 2006); *In re Kahn*, 441 F.3d 977, 987-88 (Fed. Cir. 2006); *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1322 (Fed. Cir. 2005).

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

06-1088

DYSTAR TEXTILFARBEN GMBH & CO. DEUTSCHLAND KG,
Plaintiff-Appellee,
v.

C. H. PATRICK CO. INC., AND BANN QUIMICA, LTDA,
Defendants-Appellants.

ORDER

FILED Dec. 4, 2006

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellee, and a response thereto having been invited by the court and filed by the Appellant, and the petition for rehearing and response, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on December 11, 2006.

Circuit Judge Moore did not participate in the vote.

Dated: 12/04/2006

FOR THE COURT,

/s/
Jan Horbaly, Clerk

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF SOUTH CAROLINA GREENVILLE DIVISION

DYSTAR TEXTILFARBEN GMBH) & CO. DEUTSCHLAND KG, Plaintiff,	)	C.A. Action No. 6:02-2946 O R D E R
vs.	)	
C. H. PATRICK CO. INC., AND BANN QUIMICA, LTDA, Defendants.	)	

This matter is before the court on the defendants' motions for judgment as a matter of law or, alternatively, for a new trial, on the issue of patent invalidity of U.S. Patent No. 5,586,992 ("the '992 patent"). These motions are based on: (1) anticipation of the '992 patent by U.S. Patent 1,247,927 under 35 U.S. C. §102; (2) obviousness of the '992 patent on four separate combinations of references under 35 U.S.C. §103; and (3) lack of enablement under 35 U.S.C. §112.

The parties agreed to a trial by jury. The attorneys for both sides diligently and ably presented their cases. The trial itself involved issues of credibility, in particular the testimony of expert witnesses as to the obviousness, anticipation and validity of the patent. The jury diligently considered the evidence presented and found for the plaintiff. This court concludes that the jury's verdict was reasonable and was supported by evidence in the record. Therefore, as this court has great respect for trial by jury and the right of the parties to request a jury trial, this court will not substitute

its findings for those of the jury as the jury's decision was clearly supported by the trial record and was reasonable.

Now, therefore, after reviewing the entire record, including the defendants' memorandum,

IT IS ORDERED that the defendants' motions for judgment as a matter of law or, alternatively, for a new trial, are denied.

IT IS SO ORDERED.

s/William M. Catoe
United States Magistrate Judge

November 1, 2005

Greenville, South Carolina

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF SOUTH CAROLINA GREENVILLE DIVISION

DYSTAR TEXTILFARBEN GMBH & CO. DEUTSCHLAND KG, Plaintiff,	)	C.A. Action No. 6:02-2946-26
vs.	)	**VERDICT FORM**
C. H. PATRICK CO. INC., AND BANN QUIMICA, LTDA, Defendants.	)	

1. With respect to each claim, 1 through 4, of the '992 patent, indicate whether you find that DyStar KG has proven by a preponderance of the evidence that Bann Quimica and/or C.H. Patrick have infringed that claim?

Claim 1

_X_ YES (if yes, answer with respect to all of Claims 2, 3, and 4)

___ NO

Claim 2

_X_ YES

___ NO

Claim 3

_X_ YES

___ NO

Claim 4

_X_ YES
___ NO

ONLY ANSWER QUESTION 2 IF YOU ANSWERED "YES" TO ANY OF THE CLAIMS IN QUESTION 1. IF YOU DID NOT ANSWER "YES" TO ANY OF THE CLAIMS IN QUESTION 1, THEN GO TO QUESTION 3.

2. Do you find by clear and convincing evidence that Bann Quimica willfully infringed the '992 patent?

___ YES
_X_ NO

3. Do you find that Bann Quimica and C.H. Patrick have proven by clear and convincing evidence that the '992 patent did not enable a person of ordinary skill in the art in March 1993 to practice the process claimed in claim 1?

___ YES
_X_ NO

4. Do you find Bann Quimica and C.H. Patrick have proven by clear and convincing evidence that the invention claimed in claims 1 through 4 of the '992 patent was not new in March 1993?

Claim 1

___ YES
_X_ NO

Claim 2

___ YES
_X_ NO

Claim 3

___ YES
_X_ NO

Claim 4

___ YES
_X_ NO

5. Do you find that Bann Quimica and C.H. Patrick have proven by clear and convincing evidence that the invention claimed in claims 1 through 4 of the '992 patent would have been obvious to a person having ordinary skill in the art in March 1993?

Claim 1

___ YES
_X_ NO

Claim 2

___ YES
_X_ NO

Claim 3

____ YES
_X_ NO

Claim 4

____ YES
_X_ NO

5. If you find a claim of the '992 patent not invalid and infringed, then what is the amount of damage you find that DyStar KG suffered as a result of Bann and C.H. Patrick's patent infringement?

$ 90,000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

DYSTAR TEXTILFARBEN GMBH & CO.	)
	)
Plaintiff,	)
	) 6:02-2946
--versus--	)
	) Sept. 15,
CH PATRICK CO., INC., BANN QUIMICA LTDA,	) 2005
	)
	) Greenville, SC
Defendants.	)

VOLUME VI
TRANSCRIPT OF TRIAL BEFORE THE HONORABLE WILLIAM M. CATOE UNITED STATES MAGISTRATE JUDGE, presiding

APPEARANCES:

For the Plaintiff: RONALD J. TRAYON, ESQ.
Parke Poe Adams & Bernstein
P.O. Box 1509
Columbia, SC 29202

WILLIAM T. ENOS, ESQ.
RICHARD D. KELLY, ESQ.
ANDREW K. BEVERINA, ESQ.
Oblon, Spivak, McClelland
Maier & Neustadt
1940 Duke Street
Alexandria, VA 22314

For the Defendant: NEIL C. JONES, ESQ.
A. MARVIN QUATTLEBAUM, ESQ.
ASHLEY B. SUMMER, ESQ.
Nelson Mullins Riley & Scarborough
P.O. Box 10084
Greenville, SC 29603

Court Reporter: KAREN E. MARTIN, RMR, CRR
P.O. Box 10771
Greenville, SC 29603

The proceedings were taken by mechanical stenography and the transcript produced by computer.

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MR. JONES: Your Honor, I prefer not to have to read mine all back into the record. May I renew all of our motions we made?

THE COURT: All right. I will submit them to the jury. Let's go to the issue of willfulness. Do you want willfulness as to both defendants?

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

DYSTAR TEXTILFARBEN GMBH & CO.	)
	)
Plaintiff,	)
	) 6:02-2946
--versus--	)
	) Sept. 13,
CH PATRICK CO., INC., BANN QUIMICA LTDA,	) 2005
	)
	) Greenville, SC
Defendants.	)

VOLUME IV
TRANSCRIPT OF TRIAL BEFORE THE
HONORABLE WILLIAM M. CATOE
UNITED STATES MAGISTRATE JUDGE, presiding

APPEARANCES:

For the Plaintiff:

RONALD J. TRAYON, ESQ.
Parke Poe Adams & Bernstein
P.O. Box 1509
Columbia, SC 29202

WILLIAM T. ENOS, ESQ.
RICHARD D. KELLY, ESQ.
ANDREW K. BEVERINA, ESQ.
Oblon, Spivak, McClelland
Maier & Neustadt
1940 Duke Street
Alexandria, VA 22314

For the Defendant: NEIL C. JONES, ESQ.
A. MARVIN QUATTLEBAUM, ESQ.
ASHLEY B. SUMMER, ESQ.
Nelson Mullins Riley & Scarborough
P.O. Box 10084
Greenville, SC 29603

Court Reporter: KAREN E. MARTIN, RMR, CRR
P.O. Box 10771
Greenville, SC 29603

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MR. JONES: Your Honor, the defendants move for a directed – for a judgment as a matter of law that the '992 Patent is invalid under Section 103 of the '992 – excuse me, of 35 United States Code. Specifically, the defendants have shown through the testimony and evidence presented through plaintiff's witnesses that the Claims 1 through 4 of the invention in those claims would have been obvious to one of ordinary skill in the art at the time of invention. Therefore, judgment as a matter of law is warranted.

THE COURT: Your motion is denied.